

Message Text

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ACTION OES-07

INFO OCT-01 EUR-12 EA-10 ISO-00 ACDA-12 CIAE-00 INR-10
IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05 SOE-02
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R 050740Z MAY 78
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 4030
INFO AMEMBASSY VIENNA

C O N F I D E N T I A L KUALA LUMPUR 3890

USIAEA

E. O. 11652: GDS
TAGS: ENRG, MNUC, TECH, PARM, MY, IAEA
SUBJ: STATUS OF NEGOTIATION OF AGREEMENT FOR RESEARCH REACTOR
FOR MALAYSIA

REF: STATE 111353

1. ON MAY 4 EMBOFF ATTEMPTED TO ARRANGE APPOINTMENT
TO SEE DR. NORAMLY BIN MUSLIM, THE NEW DIRECTOR
OF THE TUN ISMAIL ATOMIC RESEARCH CENTER. SPECIFICALLY
IN QUESTION WAS AN APRIL 21 ARTICLE IN THE MALAYSIAN
STRAITS TIMES STATING THAT CONSTRUCTION OF THE SITE
WOULD BEGIN AT LEAST 18 MONTHS LATER THAN ORIGINALLY
SCHEDULED. DR. NORAMLY SAID HE WAS EXTREMELY BUSY
PREPARING FOR A MID-TERM GOVERNMENT REVIEW AND OTHER MATTERS
BUT WOULD MAKE SURE HE MET WITH EMBOFF DURING WEEK OF
MAY 15. CITING INACCURATE INFORMATION WHICH THE PRESS
HAD CARRIED ON THE REACTOR IN THE PAST, EMBOFF PRESSED
FOR SOME STATEMENT OF WHAT WAS TRANSPIRING WITHIN THE
MALAYSIAN GOVERNMENT. NORAMLY DID FINALLY COME
FORTH WITH SOME COMMENTARY AND REASONS WHY HE
WAS RELUCTANT TO TALK AT THIS TIME.

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2. AS BACKGROUND, ARTICLE CITED ABOVE QUOTES THE
MALAYSIAN MINISTER OF SCIENCE, TECHNOLOGY AND
ENVIRONMENT, TAN SRI ONG KEE HUI, AS STATING
THERE HAD BEEN A "SLIP UP" IN THE CHOICE OF THE
SUNGEI BULOH SITE. AN ALTERNATIVE SITE HAD BEEN
PICKED AND CONSTRUCTION WOULD BEGIN IN MID-1981.

EXPERTS HAD INSPECTED THE NEW SITE AND FOUND IT
SUITABLE FROM THE POINT OF SAFETY AND ENVIRONMENTAL
IMPACT. HOWEVER, THE EXACT LOCATION OF THE NEW
SITE WAS BEING KEPT SECRET UNTIL CLEARANCE FROM THE
SELANGOR STATE GOVERNMENT WAS OBTAINED. TAN SRI ONG
SAID THE NEW SITE WOULD BE LARGER THAN THE SUNGEI BULOH SITE
AND THE CENTER WOULD COST AN ESTIMATED M\$21 MILLION, WHICH
IS ALMOST THREE TIMES THE ORIGINAL ESTIMATES FOR
CONSTRUCTION. THERE HAD BEEN A PROBLEM WITH THE OLD
SITE BECAUSE IT WAS ON THE FRINGE OF THE APPROACH PATH
FOR KUALA LUMPUR'S AIRPORT. HOWEVER, THE MOST
IMPORTANT PROBLEM CONCERNED THE NATIONAL ELECTRICITY
BOARD (NEB) POWER TRANSMISSION LINES WHICH RAN THROUGH THE
AREA AND WERE NOT PREVIOUSLY MAPPED. THE SUNGEI BULOH
AREA HAD ALSO BEEN AFFECTED BY THE MUSHROOMING HOUSING
BOOM IN THE SUBURBS, WHICH REQUIRES INCREASED NEB
SERVICES RUNNING RIGHT THROUGH THE PREVIOUS PROPOSED
SITE. TAN SRI ONG DENIED A LACK OF COORDINATION
AMONG THE AGENCIES INVOLVED IN THE PROJECT. AN
INTERDEPARTMENTAL COMMITTEE HAD BEEN SET UP TO REVIEW
AND DECIDE ON THE SITING OF THE NEW CENTER.

3. NORAMLY SAID THAT THE CHANGE IN SITES WAS THE
HEART OF THE PRESENT LOGJAM. HE SAID THAT NOTHING ELSE
COULD MOVE FORWARD, INCLUDING A REVISED TIMETABLE,
UNTIL THE SITE WAS FIXED. HE WOULD NOT IDENTIFY THE NEW
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SITE BUT SAID IT HAD ALREADY BEEN APPROVED BY THE
CABINET. THE FINAL STEP SHOULD BE ACCOMPLISHED NEXT
WEEK WITH THE EXPECTED APPROVAL OF THE SELANGOR
STATE GOVERNMENT. NORAMLY SAID HIS MOST PRESSING TASK
IS TO RESCHEDULE VIRTUALLY ALL ASPECTS OF THE PROJECT.
HE WILL BE DEPARTING FOR THE US IN LATE MAY TO COMPLETE
THE RENEGOTIATION OF THE CONTRACT WITH GENERAL ATOMIC FOR
DELIVER. HE WILL HAVE TO GO THROUGH ALL OF THE SECURITY/
SAFETY REVIEWS ONCE AGAIN AS WELL. HE EXPECTS TO HAVE THE
MASTER TIMETABLE WORKED OUT BY MAY 12, AFTER WHICH WE WILL
BE ABLE TO GET TOGETHER FOR DISCUSSIONS.

4. ON THE VIENNA NEGOTIATIONS ON THE TRILATERAL AGREEMENT,
THE DRAFT IS BEING REVIEWED BY THE MINISTRY OF FOREIGN
AFFAIRS AND SHOULD BE COMING OUT WITHIN THE NEXT FEW
WEEKS. THE MALAYSIANS HAVE BROUGHT BACK ONE OF
THEIR OFFICERS FROM VIENNA SPECIFICALLY TO WORK WITH
MFA ON THE DRAFT. WHEN EMBOFF ASKED WHEN WE MIGHT
EXPECT SOME RESPONSE FROM THE MALAYSIANS IN VIENNA,
NORAMLY REPLIED THAT THEY WOULD TAKE THE MATTER
UP AT THE SEPT GENERAL MEETING IN VIENNA.

5. RE REFTTEL, WHICH WAS MOST APPRECIATED BY EMBASSY,
WE BELIEVE THAT TO PROVIDE DRAFT MODEL AGREEMENT
TO MALAYSIA WOULD, AT PRESENT, CONFUSE MATTERS.
IN ADDITION, WE HAVE DEFERRED RAISING QUESTION WITH
MALAYSIANS HERE AS TO WHETHER THEY WOULD PREFER
PROJECT AND SUPPLY AGREEMENTS INSTEAD OF COMBINED PROJECT/
SUPPLY AGREEMENT PROPOSED EARLIER. OUR INTENT IS TO
AVOID SHIFTING FOCUS OF NEGOTIATIONS FROM VIENNA TO
KUALA LUMPUR. ON THE TECHNICAL ASPECTS, GOM
PREFERS TO DEAL WITH SPECIFIC CHANGES IN VIENNA. THEY
ARE AWARE THAT THERE MAY BE SOME MODIFICATION DUE TO
THE NEW US LEGISLATION AND WILL FACE THAT PROBLEM
WHEN DISCUSSION RESUME IN VIENNA. (AS AN ASIDE,
MFA OFFICIAL WHO IS MUCH MORE FORTHCOMING THAN
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NORMALLY, IS ATTEMPTING TO DETERMINE MORE PRECISELY
FOR US WHEN THE DRAFT AGREEMENT MIGHT BE EXPECTED TO BE
DISCUSSED IN VIENNA. WILL ADVISE.)
MILLER

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